



# \$1.6b hole in Budget as alcopops tax fails

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Prime Minister Kevin Rudd faces a \$1.6 billion Budget hangover after anti-binge drinking campaigner Steve Fielding joined with the coalition in the Senate yesterday to sink the big tax increase on alcopops.

Top-selling brands such as Vodka Cruisers and Bacardi Breezers will become up to \$1.30 a bottle cheaper and the Government faces the humiliation of returning a \$300 million windfall to distillers after collecting the increased tax on the pre-mixed spirits since last April.

It is understood the Government may try to reintroduce the alcopops Bill today in hope of a backdown by Senator Fielding.

In a day of drama and, at one stage, farce yesterday, the Government looked set to get its 70 per cent tax increase through the Senate after one coalition senator failed to show up to the vote. But a re-vote was held, which the Government lost 31-32 despite the support of the Greens and independent Nick Xenophon.

In the wake of the global economic meltdown, this year's Federal Budget has already taken a big revenue hit, with Mr Rudd warning colleagues this week not to expect any big spending ini-



**Steve Fielding**

tiatives.

Failure of the alcopops measure will put more pressure on the Budget, which is forecast by Treasury to dip into the red by at least \$35 billion in 2009-10. The alcopops tax was forecast to raise \$1.6 billion over four years.

Senator Fielding had promised last year to back the alcopops tax and the Government had offered a \$50 million boost to anti-drinking programs, vetting of alcohol TV ads and

including health warning labels on bottles and cans to secure his vote. But Senator Fielding was unhappy the Government did not meet his final demand to close a loophole which exempted sports broadcasts from a day-time ban on alcohol advertising.

"(The Government) has hijacked the debate and turned binge drinking into a tax problem," Senator Fielding said.

While the Senate has given the Government the option of keeping the revenue raised, Health Minister Nicola Roxon said distillers would get their money back and the price of drinks would fall within weeks. "Senator Fielding and the Liberal Party have just made these sweet lolly drinks cheaper for teenagers to buy," she said.

Greens leader Bob Browns said before the vote that Senator Fielding was silly to knock back the Government's deal, which was supported by the Greens and Senator Xenophon. "Senator Fielding is the boy on the burning deck saying I'm going to throw you a lifeline having set flame to the ship," he said.

Opposition health administration spokesman Mathias Cormann said it was defeated because it was "an ineffective way to deal with the challenge of binge-drinking".

Distillers, which launched a big spending campaign against the tax, were conciliatory last night and praised the Government for raising the issue of binge drinking.